

PESTLE Analysis for People Management

How external factors shape workforce decisions for Sofidel UK

What is PESTLE and why it matters for People Management?

PESTLE is a technique used to investigate the external factors (Political, Economic, Sociological, Technological, Legal and Environmental) that affect a company's labour, operations and future planning (CIPD, 2025a).

For HR professionals, PESTLE can help them foresee developments such as in employment practices, skill needs, the introduction of new technologies, sustainability standards and the dynamics of the labour market. Being aware of these trends allows HR departments to make informed decisions, devise proactive strategies regarding the workforce and improve the company's overall flexibility (CIPD, 2025a).

Technological - Artificial Intelligence (AI)

Why AI Matters for Sofidel

People management colleagues are already experiencing AI's impact on their working lives, from job design and skills needs to HR decision-making and employee expectations. UK workplaces are adopting AI in increasing numbers 9% in 2023 and 23% in 2024 (Office for National Statistics, 2025).

AI refers to technologies which can analyse data and recognise patterns and can automate or augment human activity (CIPD, 2025b). Sofidel has begun integrating AI tools into the organisation, including Microsoft Copilot and an internal AI team (Sofidel, 2024), which means that it is one of the most influential external forces currently impacting workforce strategy.



Opportunities

- Automates routine admin tasks.
- Supports data-driven HR decision making.
- Enables faster policy drafting, reporting and insights.
- Enhances consistency and productivity across support functions (McKinsey, 2025).

Risk & Challenges

- Skills gaps as digital capability becomes essential (World Economic Forum, 2025).
- Data privacy and governance requirements.
- Over-reliance leading to inaccurate outputs.
- Employee resistance if AI is seen as a threat to roles (ACAS,2025).



Impact on Sofidel

Adoption of artificial intelligence has both possibilities and risks for Sofidel, especially when considering people management. Automation increases HR efficiency by reducing manual handling, however, without investment in digital and analytics skills, there is a risk that the capability gap will widen and inequality of confidence might emerge (World Economic Forum, 2025).

In accordance with AI, the nature of work is changing with jobs evolving from routine administration and toward problem solving and creativity (McKinsey, 2025). It is therefore imperative that HR redefine the basic requirements for the new jobs and focus on recruiting and training individuals with data analytics expertise. In addition, stronger security on data governance and confidentiality guidelines are necessary, because an AI system or misuse of employee data can lead to a loss of trust and compliance (Information Commissioner's Office, 2023).

Moreover, change management support will be extremely important during rollout because if employees feel threatened by the introduction of AI technology, they may resist its adoption (ACAS, 2025). Therefore, transparent communication is key to build trust, so that employees will not worry that AI will replace them.

AI is not simply a technological advancement but a people-centred transformation, with HR management responsible to balance the company innovation with worker stability. The capability building, governance and culture are vital aspects to AI adoption. When managed efficiently, AI can be regarded as a strategic resource, which can provide a competitive advantage for companies (Barney, 1991).

MORE INFO

For further information, please contact the HR department.



Environmental – Net Zero & Sustainability Pressures

Why Net Zero Matters for Sofidel

Expectations for green alternatives are rising across the UK, following government net-zero policy, tightening environmental regulations and increasing pressure for cleaner manufacturing from consumers (HM Government, 2021). As a major, energy-intensive paper manufacturer, Sofidel is also on the frontlines of carbon-reduction requirements, resource-efficiency pressures and environmental reporting.

Sofidel has already committed to dramatic sustainability goals and achieved a 19.5% CO₂ reduction (Sofidel, 2024) but environmental demands are picking up speed. As such, environmental change is likely to be one of the most influential external factors affecting workforce planning, investment priorities and future skills requirements (World Economic Forum, 2025).



Opportunities

- Improved brand image as a manufacturer committed to sustainable practice.
- Lowered energy expenses by optimising usage and curbing carbon emissions.
- Better suited to cater to customers' demands in a low-carbon supply chain environment, particularly when serving the larger retail customers (Sofidel, UK).
- Enhanced potential for developing green technology skill sets in engineering, maintenance and operational fields (World Economic Forum, 2025).

Risk & Challenges

- Increasing regulatory requirements, especially regarding Scope 1-3 emissions and decarbonisation targets (UK Government, 2019). (Scope 1: Monitoring of the emissions the company creates directly, Scope 2: Energy-related emissions from electricity, Scope 3: Supply chain emissions)
- Rising costs for energy-efficient equipment, hydrogen transition and monitoring systems
- Operational disturbances if environmental targets demand rapid alterations in operational processes (HM Government, 2021).
- Skill gaps as engineers must gain in green operational technologies (World Economic Forum, 2025).



Impact on Sofidel

While the environment creates opportunities for Sofidel, it also creates risk and shapes both strategic direction and the makeup of the workforce. One major opportunity for Sofidel is that the commitments to the environment enhance brand image and deepen customer trust in the group (Sofidel, 2024). This reputation boost is extremely valuable in the modern market when environmentalism is often synonymous with a good business organisation. Another major opportunity for Sofidel is that the efficiency gains from improving energy consumption and reducing carbon emissions offers tangible benefits for the company financially by lowering costs in operations and offsetting compliance cost (Sofidel, 2024). At the same time, investment in green technology skill sets enables engineers and operational staff to adapt to new technologies and better position the workforce to drive innovation (World Economic Forum, 2025).

Despite the potential for many opportunities to arise however, these opportunities are countered by risks just as significant. Requirements in regulations over scope 1-3 emissions and the targets in decarbonisation force a deeper sense of accountability beyond direct operations that extend to both energy and the supply chains which creates compliance complexity and burdens on administration (UK Government, 2019). Rising costs in equipment that is both hydrogen efficient and energy efficient as well as systems for monitoring also highlights the strain between sustainability in the long term and financial strain in the short term (Department for Business, Energy & Industrial Strategy, 2021).

Finally, the skill gaps in the green technologies in operations creates vulnerabilities in the capabilities of the workforce to drive innovation and change in the workforce (World Economic Forum, 2025).

Sofidel's environmental strategy overall is defined by the tension between sustainability and opportunities and the costs for compliance and how these different variables shape the environment and Sofidel's strategy. Success will ultimately be based on investing in labour skills, as highlighted by Schultz (1961) through his human capital theory.

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